

Message Text

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70

ACTION AF-18

INFO OCT-01 EUR-25 EA-11 NEA-11 ISO-00 EB-11 FPC-01 AEC-11

AID-20 CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 FEA-02

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04

PRS-01 USIA-15 DRC-01 /217 W
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R 131711Z FEB 74

FM USINT ALGIERS

TO SECSTATE WASHDC 0134

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY JIDDA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ENRG, AG

SUBJ: ALGERIAN LNG

1. WHILE EMBASSY ASSISTING MICHAEL JOHNSON OF MCGRAW-HILL ON HIS PLANNED ARTICLE ON IMPROVING MANAGEMENT OF ALGERIAN SOCIALIST ENTERPRISES, HE PASSED ON SOME INTERESTING TIDBITS FROM VISITS ON CURRENT ALGERIAN LNG SITUATION.

2. SNATRACH OFFICIALS MADE IT CLEAR THAT SKIKDA BREAKDOWN WAS STILL RESPONSIBILITY OF FRENCH BUILDER -- TECHNIP. THEY NOW DID NOT EXPECT SKIKDA PLANT TO OPERATE UNTIL END OF FEBRUARY. UNTIL THAT TIME QUESTION OF EMBARGO ON GAS WOULD NOT HAVE TO BE DECIDED.

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3. AIT-LAOUSSINE INFORMED JOHNSON THAT JAPANESE HAD AGREED TO BUY 10 BILLION METERS A YEAR OF ALGERIAN LNG.

4. AIT-LAOUSSINE ALSO SAID THAT SONATRACH WOULD BE MEETING WITH THREE U.S. GAS PURCHASERS EASCOGAS, DISTRIGAS, AND EL PASO AT END OF FEBRUARY IN CONNECTION WITH RE-NEGOTIATION OF THEIR LNG CONTRACTS. AIT-LAOUSSINE IS REPORTED TO HAVE SAID THAT ASKING PRICE FOR GAS HAD NOT YET BEEN SET, BUT IT WOULD BE "MUCH HIGHER".

5 ON A RELATED MATTER, JOHNSON HAD BEEN ASKED BY PLATT'S OILGRAM TO CHECK OUT REPORTED FRENCH OFFER TO ALGERIANS OF DOLS. 2.00 PER MILLION BTU FOR EL PASO GAS. IT IS NOT KNOWN HERE WHETHER THIS WAS AN OFFER FOR THE GAS FROM EL PASO I OR II CONTRACTS.

6. COMMENT: EVEN IF UNTRUE, FRENCH OFFER IS EXAMPLE OF LEAPFROGGING BIDS THAT DRIVE PRICES UP. EARLIER ROUGH PRICES ON GAS FOB ALGERIA PER MILLION BTU WERE EL PASO I (1969) 30 CENTS, EL PASO II (1972) 45 CENTS, PAN HANDLE (1973 FALL) 60 CENTS. WITH U.S. COMPANIES COMING TO ALGIERS IN A WEEK TO DISCUSS GAS PRICES AND RUMORS OF DUTCH, RUSSIAN AND CANADIAN GAS PRICE INCREASE, ANY INFORMATION ON GAS PRICES

SET AFTER JANUARY 1, 1974 WOULD BE OF USE IN TALKS WITH ALGERIANS.
EAGLETON

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Message Attributes

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30 JUN 2005

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